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October 24, 1996

LETTER OF COMMITMENT FROM DEVELOPER

K. Hovnanian Investment Properties, Inc., is the parent company of a to-be-formed subsidiary that is the Developer for a 121,640 square foot shopping center to be built on 11.605 acre parcel of land in downtown Newark, New Jersey. Total cost of the combined Projects is estimated at \$20,742,960.

The Project will require extraordinary expenditures in the areas of demolition, environmental clean-up, on-site and off-site improvement and supermarket FF&E. The total amount of these expenditures is estimated at \$5,928,360 equal to the amount of the Action Grant requested. Due to the magnitude of these costs, the Project would not be economically feasible without the UDAG.

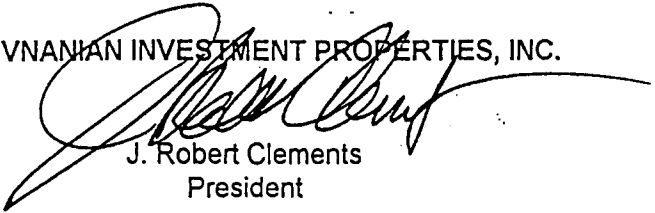
Contingent upon award of the Action Grant, the Developer is prepared to enter into an agreement to provide the following for completion of the project:

1. The Developer shall contribute to the Project not less than \$1,500,000 in cash equity funds ("Original Equity Contribution").
2. During construction of the Project, the Developer shall contribute an additional \$1,442,000 in cash equity funds ("Additional Equity Contribution") which when combined with paragraph (1) do not exceed 20% of the total cost, less the Action Grant.
3. The Developer shall obtain a loan for construction for the balance of the costs of approximately \$11,768,000 which will not exceed 80% of the Total Costs, less the Action Grant.
4. At such a time that the Project is complete or nears completion, the Developer, at its option, shall arrange for a "Permanent Loan" for the Project. The proceeds from the Permanent Loan shall be used to retire the Construction Loan outstanding at that time.
5. In the event that the proceeds from the Permanent Loan are greater than the amount of the outstanding Construction Loan, that surplus shall be used to reduce the Developer's Additional Equity Contribution of \$1,442,000. In the event that the proceeds from the Permanent Loan are less than the amount of the outstanding Construction Loan, that deficit shall be funded with additional equity from the Developer.

I represent that I am authorized to sign this document on behalf of K. Hovnanian Investment Properties, Inc.

Sincerely,

K. HOVNANIAN INVESTMENT PROPERTIES, INC.


J. Robert Clements
President

KHOV044736